

## **Workplace Health and Safety at Queensland Nickel's Yabulu Refinery**

Administrators from FTI Consulting were appointed to the Refinery on 18 January 2016.

Immediately upon appointment, the Administrators engaged consultants to carry out inspections and report on their findings in respect of Workplace Health and Safety, Risk Management and Environmental matters at the Refinery.

All inspections were carried out in the first week of the Administration. In relation to WHS, the initial findings were provided to the Administrators on 25 January 2016, which noted:

1. Queensland Nickel held a Major Hazard Facility License until 2018, and was Quality System certified AS/NZS ISO 9001:2008 and Environmental System Certified AS/NZS ISO 14001:2004;
2. Queensland Nickel had an aged safety management system implemented which captured/recorded data across SAP, Cintellate, and the company's Intranet system principally;
3. Prior to the appointment of the Administrators, safety performance had been hampered by a reported deficiency in resourcing, workers disengaged with management, and an erosion of site performance standards;
4. The age of plant/equipment, general wear/tear and a lack of investment into preventative maintenance and upgrades has resulted in a significant deficit in the integrity of plant and equipment. We understand the preventative maintenance budget was approximately 50% of the previous year;
5. HICB previously carried out Major Hazard Facilities surveillance audits and at that time issued:
  - 76 recommendations in April 2015 Surveillance Audit;
  - 32 recommendations in October 2015 Surveillance Audit; and
6. Many of the HICB recommendations, including minimum manning levels and significant changes to the maintenance management processes and/ or supporting systems remained open/ yet to be actioned as at 18 January 2016, as well as 335 open incident reports, 1,600 identified critical controls and in excess of 1,000 overdue critical inspections, having a significant operability impact in Queensland Nickel's ability to manage its requirements under the WHS Regulation 2011, especially with regards to maintenance management and performance.

Workplace Health and Safety Queensland (**WHSQ**) Hazardous Industries and Chemical Branch (**HICB**) carried out an inspection on 27 January 2016, and further met with the Administrators on 3 February 2016.

In recognising the significant level and extent of lapsed maintenance from prior to the Administration, a WHS consultant was retained by the Administrators on an ongoing basis from 15 February 2016 to work with the Maintenance, Health, Safety & Risk personnel of Queensland Nickel to prioritise, plan and put into action Safety Risk and Maintenance matters.

Throughout this process, the Administrators and the staff at Queensland Nickel worked closely with regulatory bodies, including WHSQ HICB.

### **WHS INCIDENTS – 1 February 2016 and 16 February 2016**

The Administrators note incidents occurred at the Refinery on 1 February 2016 and 16 February 2016 involving one of the nickel roasters on each occasion. Nobody was injured as a result of either incident.

#### 1 February 2016

This incident occurred following the release of paddle mixer oil into a nickel roaster whilst it was offline. The oil was immediately turned off and the incident was investigated by Queensland Nickel management and relevant personnel.

#### 16 February 2016

The incident on 16 February 2016 was believed to have occurred from accumulation of un-combusted hydrocarbons during an oil burner light-off sequence and follows a period where the roaster was shut down.

The minor explosion was fully contained using pressure release mechanisms designed into the roaster, and standard operating procedures were in use as the roaster was brought back into operation.

Immediate structural assessments were made and damage assessed to be minor. Queensland Nickel, under the Administrators control, undertook a full engineering investigation into the incident, following standard procedure.

The Administrators from FTI Consulting worked closely with management and staff throughout the course of their role at the Refinery to ensure the site's safety policies and procedures continue to be followed, with the objective of ensuring the highest standards of safety are observed at all times.

The Administrators are not aware of any complaint nor have they been notified of any alleged breach of the Workplace Health and Safety Regulations in regards to either of these incidents.